

## Washington State Gambling Commission

### ***Inside this Issue:***

- 2** New Rules Manuals on the Way
- 2** 2001 Legislative Update
- 2** Distribution of Card Room Connection
- 3** What's the Difference between a RCW, WAC & Policy
- 4** Meet the Commission Staff
- 4** Lacey Headquarters has Moved
- 5** Fantasy Sports Betting in Taverns
- 5** Policy and Opinion 99-01
- 7** Just the FAQ's: Licensing / Organizations Section
- 8** What to Check When Submitting Quarterly Activity Reports
- 10** Human Resources Team Wins Award
- 11** Gambling Industry Nationally Recognized
- 12** Employment Standards
- 13** Administrative Case Update
- 17** Pooling Tips – How Rule Changes are Made
- 18** New Rules Changes

### **Commissioners:**

George Orr, Chair  
Curtis Ludwig, Vice Chair  
Liz McLaughlin  
Judge Marshall Forrest (Ret.)  
Alan Parker

### **Ex-Officio Members:**

Senator Margarita Prentice  
Senator Shirley Winsley  
Representative Alex Wood  
Representative Jim Clements

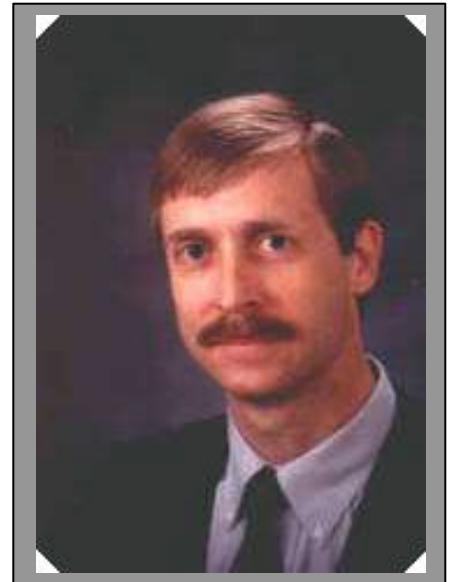
<b>Editor:</b>	<b>Layout &amp; Design:</b>
Cindy Reed	Carol Becerra

# Card Room Connection

Volume II, Issue 1

January – July 2001

## **Ben Bishop Announces Retirement: New Director Named**



In March, Executive Director Ben Bishop announced his intention to retire effective September 1, 2001. Bishop stated that his decision to retire was difficult as he has been with the agency for more than 20 years, starting on February 2, 1981.

The Commissioners authorized a nationwide executive search. In July, they named Rick Day to the position of Executive Director. Mr. Day, who hails from Helena, Montana, brings 25-years of experience working for state regulatory and criminal justice agencies. Mr. Day is known for his outstanding leadership qualities and is recognized for his extensive management experience and consensus building. His professional experience includes serving as the Administrator for the Law Enforcement Services Division and Director for the Department of Corrections in the state of Montana. He also established and managed Montana's first criminal and regulatory gambling investigations bureau when the responsibility was moved from the Department of Revenue to the Attorney General.

Mr. Day believes that "gambling enforcement requires a clear ability to be firm and strong, but also the ability to recognize opportunities to provide information that will help people understand and work within the system productively."

Executive Director Day will commence his duties with the Washington State Gambling Commission on August 27<sup>th</sup>.

In a message sent out to the staff from Commission Chair George Orr, "Rick brings with him a proven track record of quality leadership in a governmental setting. Everyone we spoke to commented about his demonstrated ability to work with staff, as well as stakeholders."

**WSGC's Mission:**  
**Protect the public by ensuring that gambling is  
legal and honest.**

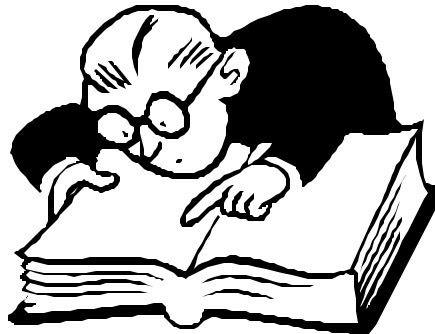
## New Rules Manuals on the Way

The process for updating, printing, and mailing the rules manuals is almost completed. Licensees can anticipate receiving their new manual no later than September 1.

One exciting new addition to the manual is a **Key Word/Subject Index**. This index represents many hours of work by various staff members and should make it easier to locate rules using a specific word. It should be considered a "work in progress" as we continue to modify and improve the concept. Updated versions of the index will be made available through the agency web site under "Gambling RCW & WAC". Please feel free to e-mail comments and suggestions for making the index more user friendly to Susan Arland, Rules Coordinator and Public Information Officer, at [susana@wsgc.wa.gov](mailto:susana@wsgc.wa.gov)

The last Rules Manual was published February 1999. In the past, it has been the Commission's practice to update rules manuals every two years.

The only licensees who will not receive manuals will be card room employees. There are over 5000 card room employees and it is cost prohibitive to send manuals to all licensees as well as all card room employees. Additionally, it is duplicative as card room employees have access to the manuals at their job. If you are a card room employee and would like a manual, we'll be more than happy to send one if you contact the receptionist at (360) 486-3440 or (800) 345-2529 Ext. 3440.



## 2001 Legislative Update

The Gambling Commission had one agency-request bill before the Legislature and was tracking several other bills that would have impacted or were of interest to our agency. The only one that passed related to Waiver of Sovereign Immunity in state/tribal compacts that arise out of the Indian Gaming Regulatory Act (IGRA).

None of the other bills passed and there was general gridlock for all legislation this session.

You may access information about progress of any particular bill by going to the state web site under [www.leg.wa.gov](http://www.leg.wa.gov) and clicking on "Bill Information."

See page 23 for a summary of the bills.

## Distribution of Card Room Connection

**By Cindy E. Reed, Editor**

We hope card room licensees are enjoying this newsletter. As many of you may know, we started this newsletter as a way to consolidate information that is of interest primarily to the card room industry. We publish twice a year, in January and July. This is our third edition. Our publication was slightly delayed because of the Headquarters move to a different building.

We are mailing this edition to approximately 5,750 card room employees (CREs) and owners of card rooms. We found that our mailing data base is sometimes not current because of invalid addresses we have on file for many of the CREs. It is also a considerable expense to send out so many separate pieces of mail. Therefore, we are considering making another change to our newsletter, but would like to have your input before making any changes.

*(Continued on page 3)*

(Continued from page 2)

One alternative is to distribute the newsletter through the card rooms instead of providing an individual mailing to each card room employee. In that case, we would be asking the employer to distribute the newsletter to the employees.

We will be discussing this idea at the card room study group meeting before the Commission meeting in November, and will be interested in hearing your ideas. You may also let us know if you have strong feelings about this change or have other alternatives you would like to propose. We are also interested in any ideas you may have for articles you would like to see included in the newsletter. Are there features you would like added or dropped from future editions? You can contact our newsletter staff by calling (360) 486-3467, 1-800-345-2529, ext. 3467, or sending e-mail to [cindyr@wsgc.wa.gov](mailto:cindyr@wsgc.wa.gov).

Thanks for your help in ensuring this newsletter meets the goal of providing useful and timely information to our licensees.



## What is the difference between a RCW, WAC and Policy?

*By Susan Arland, Rules Coordinator and Public Information Officer*

In speaking with licensees and the public, Commission staff will sometimes refer to a requirement as a RCW, WAC or a Policy. It is important to understand what the differences are and how to properly use the information to ensure that you are not in violation.

**RCW** stands for Revised Code of Washington, also known as Washington State law or statute. Laws are passed by the Legislature and agreed to by the Governor, either by his formal signature on the law or by his inaction. They start out as proposed bills. After laws are passed, it is up to the individual agency that is affected by the new or changed law to write rules to implement the laws. All authority to write rules comes from statutes. **Violations of the RCW laws are usually handled through the criminal justice system and may, if just cause is found, lead to jail time.**

**WAC** stands for Washington Administrative Code, also known as Washington State rules or regulations. Rules set forth details that are not covered in the law, such as recordkeeping, licensing requirements, fee schedules, limitations on hours of operation, etc. A rule may not be written in a manner that exceeds the authority established by the rule's "enabling statute" – the statute on which the rule is based (see above RCW). In other words, the statute sets the boundaries of what a rule may do. **Some violations of WAC rules are handled through the administrative procedures process and may, if just cause is found, lead to loss of your gambling license(s).**

**Policies** are used to handle issues that are not addressed in law or rules. Policies usually clarify smaller issues and questions that arise. When an issue is not clearly addressed in the law or rules, staff can refer to a policy for clarification. This provides staff with a consistent interpretation of an issue;

however, policies can change from time to time, depending on who is in charge of setting policy, which is why rules are sometimes preferred (more people are involved in the discussions and they are "codified" in the rules).

**IMPORTANT NOTE ON POLICIES:** In the past, some licensees have indicated they received permission from "staff" to do a particular activity. In the event you are doing something that is not appropriate, we need to follow-up with the person you spoke with. If you cannot provide a copy of correspondence or the name of the person you spoke to, there is no way to follow-up. Therefore, remember to request a copy of the policy, if available, and record the date and name of the staff you spoke to. This will protect you by eliminating misunderstandings in the future and may avoid instances where warning letters or administrative charges are warranted.

A good thing to be aware of is that staff will not generally provide a written response to a request over the telephone. To receive a written response, the request must be in writing.

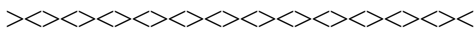


## Lacey Headquarters Has Moved!

### Meet the Commission Staff



**Cindy Reed, Communications  
Coordinator**



The official title for Newsletter Editor Cindy Reed is Communications Coordinator.

Cindy has been with the Gambling Commission since May 1984. She started in the Tacoma Field Office as an enforcement officer assigned primarily to Kitsap, Jefferson, and Clallam Counties. In 1990, she was promoted to the position of Special Agent 3 – Training. In this position she traveled across the state conducting each of the 6 training days held every month.

After twelve years in the building on Woodland Square Loop, and increasing needs for space for our staff, we are excited to announce that the headquarters office moved into a different building on Monday, June 18.

Here are a few of the details involved in our move:

- Our P.O. Box 42400 remains the same.
- Our new physical address is 4565 7<sup>th</sup> Avenue SE, Lacey. It is just down the street from the old office.
- The toll-free in-state number (800-345-2529) remains the same.
- Our new local number is (360) 438-3440.
- Instead of using extension numbers, all staff have been issued a unique phone number.
- Calls to our old number of (360) 438-7654 will be given our new number for about a year.

Here is a little history about the headquarters office, courtesy of a staff member who has been with the agency since 1975:

The Commission's first office was in the basement of the Highways-Licenses Building in Olympia. In 1974, we moved to the Thurston County Court House Annex. In 1976, we moved to the Union Plaza Building (Eastside and Union). In 1984, we moved to the Jefferson Building where we stayed until 1989 when we moved into the Lacey location.

*(Continued on page 5)*

(Continued from page 4)

In 1994, Cindy's responsibilities were increased and the title changed to Communications Coordinator. Cindy continues to be involved in the licensee training program as the Mandatory Training Coordinator. She works with the three regional trainers and activity coordinators to prepare and update the training handouts. Cindy has been assigned to various units within the agency, but presently is a member of the Communications and Legal Department, which includes the rules coordinator and staff attorneys.

Cindy's duties include a wide variety of responsibilities including:

- ✓ Editor for the 6 editions of the Focus on Gambling as well as 2 editions of the Card Room Connection each year.
- ✓ Producing agency training videos and managing the web-based training site for licensee training.
- ✓ Answering questions from the public regarding unlicensed activities and responding to inquiries through the agency web site.
- ✓ Liaison with and manager for the contract with the Washington State Council on Problem Gambling.

Cindy received her degree in English/Secondary Education from Eastern Washington University in 1971, completed the Basic Law Enforcement Academy in 1975, and is a 1983 graduate of the FBI National Academy in Quantico, VA. She worked as a commissioned campus police officer/sergeant/detective at Washington State University and Eastern Washington University before coming to the Gambling Commission. She presently serves as the Secretary/Treasurer for the Washington Chapter of the FBI National Academy Associates.

Cindy's goals for the coming year are:

- partner with the card room coordinator and industry to complete web-based training for the card room industry;
- continue to solicit ideas for ways to assist the licensees in gaining voluntary compliance through both the training programs and the newsletter.

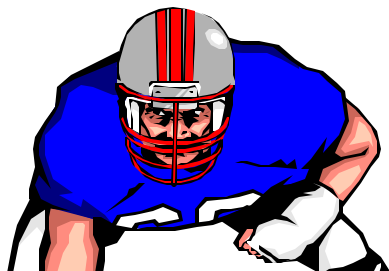
## Fantasy Sports Betting in Taverns

During the past football season, field staff noted an increase in taverns offering the opportunity to participate in fantasy sports betting. There was an article on Sports Wagering in Washington in the September/October 2000 edition of the Focus on Gambling explaining the types of sports wagering authorized in commercial businesses. The specific topic of fantasy sports betting had also been addressed in Policy and Opinion 99-01 printed in the July/August 1999 newsletter.

To clarify how the two subjects are related:

- ☐ Private individuals may conduct fantasy sports betting as long as it is within the guidelines set forth in the policy; and
- ☐ Taverns may NOT conduct or facilitate the conduct of a fantasy sports betting contest because they do not meet the definition of "natural person".

If you have further questions, please contact your field agent.



## Policy and Opinion 99-01

Subject: Fantasy Sports Leagues

RCW/WAC Reference(s): RCW 9.46.0265, RCW 9.46.0269

### Question Presented

Is a fantasy sports league that requires a one time league fee as well as a weekly wagering fee considered to be gambling and does such activity constitute a violation of Chapter 9.46 RCW?

### Facts

Several versions of fantasy sports leagues are being conducted throughout Washington State as well as over the Internet. One popular method of conducting the games is as follows:

(Continued on page 6)



*(Continued from page 5)*

All participants pay a \$25 one time entry fee and \$10 per each week of the particular sport's season to the league organizer. The league organizer notifies the participants of the process for conducting a draft for players prior to league play; for example, pro football drafts generally occur in early September. Based on the performance of the players selected, the participant's roster earns points on a weekly basis. At the end of each week, 90% of the \$10 weekly fee is awarded to the teams that scored the most points during that particular week and 10% of the \$10 fee is put in the year end pool. At the end of the year, the first place team will be awarded \$100, second place \$40 and third place \$20.

Often, there is no mention of what happens to the \$25 entry fee or what operating expenses are being paid by the league organizer.

### Conclusion

A fantasy sports league which collects an entry fee and awards prizes based on the performance of the respective teams is gambling as that term is defined in Chapter 9.46 RCW. Participants are wagering something of value on a future contingent event not under their control or influence on the chance of winning a prize. However, the question of whether or not that activity is prohibited requires further analysis. The key to this particular issue involves the \$25 entry fee and the definition of Player as that term is defined under RCW 9.46.0265. Under that statute, Player is defined in the following manner:

"Player", as used in this chapter means a natural person who engages, on equal terms with the other participants, and solely as a contestant or bettor, in any form of gambling in which no person may receive or become entitled to receive any profit there from other than personal gambling winnings and without otherwise rendering any material assistance to the establishment conduct or operation of a particular activity.

That statute then goes on to state "A natural person who gambles at a social game of chance on equal terms with the other participants shall not be considered as rendering material assistance to the establishment, conduct, or operation of the social game merely by performing, without fee or remuneration, acts directed toward the arrangement or facilitation of the game, such as inviting persons to play, permitting the use of premises for the game, or supplying cards or other equipment to be used in the games."

Based on the language in this statute, the \$25 entry fee may be used to pay for the expenses of the activity which includes the supplying of other equipment used and the remainder of the \$25 entry fee must be returned to the year end pool. Then the activity would not be in violation of Chapter 9.46 because the activity would fit under the player exception rule set forth in RCW 9.46.0269. **However, it should be noted that the \$25 entry fee must be used for expenses only, and expenses do not include fee or remuneration to any participant for time spent working on the activities. Simply stated, no salaries or wages can be paid, and no one can profit from the activity other than from personal winnings.**

This activity has been around for some time, and this policy applies to the facts as set forth above. Each particular contest must be analyzed according to its particular facts. However, the bottom line is that the money must go back to the participants, less a reasonable amount for expenses that do not include salaries or wages to any of the participants.



## Just the FAQ's: LICENSING/ ORGANIZATIONS SECTION

### 1. How long will it take to get a license?

Our average processing time is sixty days from the date a completed application is received. The length of time needed for processing may depend upon one or more of the following factors:

- ✓ the complexity of the file;
- ✓ what type of license you apply for;
- ✓ how quickly you provide any requested information; and
- ✓ whether or not the type of application you applied for will have to go before the commission prior to receiving a license.

The initial request for additional information requires that the information be returned within 20 days from the receipt of the letter. Any follow up letters will allow **no more than 10 days** to return the requested. Failure to respond to a letter may result in your file being administratively closed.

### 2. How long does it take to process an application for a House Banked card room?

Again, this depends primarily on the applicant.

If the business is ready to begin operations, has completed every phase of the internal controls, and provided everything requested in a timely manner, then it could be as little as 90 days. However, there are many factors that generally cause the approval process to take longer.

In addition to providing requested records, each applicant must pass two pre-operational reviews, one conducted by Field Operations staff and the other by the Financial Investigations Unit (FIU). Once all requested licensing information has been received and approved and the pre-operational inspections have been completed, the application is ready for presentation to the Commission for approval.

With at least two weeks' notice, the application can be placed upon the next month's Commission agenda where the application will be voted on. If all

Phases of the review are completed less than two weeks before the Commission meeting, then final approval will be delayed until the following month's Commission meeting. All phases of requirements will be brought before the Commission in the form of a report presented by the Licensing Assistant Director. A business representative will be asked to attend the Commission meeting to answer any questions that the Commissioners might have regarding the business establishment.

### 3. I'm in the process of selling my business. If I receive a renewal notice before the sale is completed, do I have to pay the full amount for the license, even though I won't be operating for a full year?

No. If you have signed a purchase agreement prior to renewal, you can request that your renewal be downgraded to a lower license class. You are required to submit documentation explaining why you want to be downgraded, along with the purchase agreement and completed renewal application and fees.

### 4. What if I sell the business when I have had the license for less than a year? Can I get a refund since I won't be operating a full year?

If you sell in the middle of the year, there is no refund for discontinuing your business per WAC rule 230-04 – 220 (1), Prorating and Refunding of Fees.

### 5. I am thinking about selling my business. How can I make sure that there is no down time for gambling activities for the buyer when the purchase closing is completed?

The Purchase Agreement for the purchase of your business should be written with a contingency clause that states: "Closing will be upon approval of the gambling license". The Gambling Commission will then complete the normal processing of the application without the closing documentation.

Once our investigation is complete, a commitment letter is sent to the buyer stating that they are approved for a gambling license pending receipt of the closing documents. The buyer is instructed in the letter to advise the Technician processing their file at least 48 hours prior to closing, so that a license may be prepared for the new owners. The new owners may pick up the license or have it mailed once the closing documents have been reviewed and approved by the Technician. **In all cases**, the previous owner's gambling license becomes invalid upon closing.

*(Continued on page 8)*

(Continued from page 7)

**6. Can I pay my gambling license fees at my local Gambling Commission office?**

No. All application fees are required to be sent through the U.S. Postal service or delivery service to the WSGC headquarters office, or paid over the counter at the Lacey headquarters office. Neither your local special agent nor the field offices are authorized to accept licensing fees or fines.

**7. What happens if my check is returned for NSF check charges during the renewal process? How are NSF checks handled for an original application?**

We will make two attempts to deposit your check. If your check is returned as NSF after the second attempt, the license you received will become invalid. You will not be allowed to conduct any gambling activity until you have paid the license fee with a cashiers check, money order, or cash (if paid over the counter) at the Lacey headquarters office. In addition, there will be a \$15.00 NSF check charge that must be paid at the time you submit the renewal fees.

If you submitted an application and your check is returned, no further work will be done on your file until all fees are paid along with a \$15.00 NSF check charge.

**8. When am I required to submit a stock change?**

A stock change and fee is required any time you are selling stock and a substantial interest of between 10-50% will result.

If you are selling stock to one or more new owner(s) who have never held any substantial interest in the business, you must submit a new application. Normally when you sell less than 10% of the stock, there is no application or fee that has to be completed. We will need to review the meeting minute documentation for the period in which the transaction took place, verifying who purchased the stock and how many shares were involved in the sale.

**9. I am a Card Room Employee and I received a letter from WSGC stating that my license is now surrendered. It states that if I plan to work at another card room, I may be required to send another application and fee. What are the necessary steps I must take when a letter of this type is received?**

The notification portion of this requirement was recently changed. Effective March 12, 2001, WAC 230-04-142 states that an employer must notify the WSGC within seven (7) days of termination of card room employees. This is a notification that you are no longer linked to that business and since you are not employed at another licensed card room, your license has been placed on a surrendered status. Before you begin working as a licensed card room employee, you are required to contact our office and we will advise you if a Transfer Application and fees are needed, or if additional information is necessary to reinstate your license. Please contact our office directly at 1-800-345-2529.



## What to Check When Submitting Quarterly Activity Reports

**By Dawn Warren, Individuals Team/Licensing and Kathy Mills, Financial Reporting Services**

**Are your card room employees licensed?**

The Gambling Commission has a zero tolerance policy when an employer allows unlicensed employees to perform work prior to submitting an application or receiving the proper license.

(Continued on page 9)



*(Continued from page 8)*

While reviewing quarterly activity reports, Financial Reporting Services also evaluates the supplemental employee reports. During this review it appeared that several card rooms were allowing employees to work who should not be. With further investigation, it was discovered that in many cases the card room and/or employee had failed to properly notify the Gambling Commission about changes affecting the status of an employee and employee's license. Notification to the Commission regarding changes to an employee's license and status must be made by the employer and in some cases may require an additional fee and application, refer to WAC 230-04-142 and 230-04-310. These changes include:

- The termination of an employee
- The start of a new employee
- The name change of an employee

When a card room operator fails to notify the Commission about these types of changes, the quarterly activity report review becomes long and tedious. We try to determine whether the discrepancies on the supplemental employee report are from a failure to provide notification, or more seriously, having unlicensed employees working, which may result in administrative charges.

### **What are the requirements?**

An employee who will be performing card room employee duties may not begin working until a completed application has been submitted to the Commission, and has adhered to the ten day waiting period (see WAC 230-04-140).

House-banked card rooms must maintain a records system on the premises that ensures all applicable employees have met licensing requirements. See WAC 230-40-821 (formerly WAC 230-08-027) for specific guidelines.

The card room operator must ensure that the records system provides proof that each employee has submitted the license application, with the appropriate license fee, and has waited ten days before performing duties. A copy of the completed application, with the postmark date documented on the application and a copy of the check, or check registers, usually will suffice as proof. Remember, submitting an incomplete application means that the employee cannot begin working (WAC 230-04-140).

### **Who needs to be licensed?**

Persons performing at least the following functions are considered card room employees and must be licensed

(WAC 230-02-415) as well as reported on the supplemental report when submitting the quarterly activity report:

- Collecting fees;
- Dealing;
- Supervising any card game or card room employee, such as acting as pit boss, floor person, section supervisor, etc.;
- Cashier duties such as selling or redeeming chips;
- Surveillance of dealers and card games to detect cheating or control functions;
- Controlling card room funds including keys to secure locations; and
- Facilitating any part of the operation of a card game (to include game starters).

Owners (or substantial interest holders as defined in WAC 230-02-300) do not require a separate employee license, and do not need to be reported on the supplemental employee report.

Individuals who only perform duties of bartenders, waitresses or similar functions limited to providing food and drink service within the card room portion of the licensed premises are not card room employees for licensing requirements. **Do not include these individuals on the supplemental employee report, unless they also perform card room employee duties and therefore have the required card room employee license.**

### **What should I do for reporting new hires and terminations to Licensing?**

In the early part of the year, staff from the Licensing Division gave training and instructions to card room operators and their staff on using the new fax reporting system, which utilizes a unique form called a Personnel Change Notification (or PCN). Each card room operator has been sent a laminated copy of the PCN, with a specific organization name and number printed on it. If you did not receive this training and would like to attend or send your staff, please contact Dawn Warren, Supervisor, at 1-800-345-2529, extension 3546, or 360-486-3546.

The new system enables employers to use a fax and Teleform system to comply with reporting requirements. It replaces the system of submitting an application and fee when an employee is adding or transferring employers.





Left to Right: Ben Bishop, Tammy Corcoran, Christie Harris, Vicky Bowdish & Phyllis Halliday

## Human Resources Team Wins Award!

A team from the Gambling Commission's Human Resources (HR) was recently recognized in the 14<sup>th</sup> Edition of *Governing for Results*. This booklet highlights quality improvement projects throughout Washington State government. Improvements contained in this booklet have been initiated by state agencies in response to an Executive Order issued by Governor Locke in April 1997. Since the Executive Order was issued, Washington State agencies have reported over 1,825 quality projects, saving the state almost \$74 million and collecting over \$77 million in new revenue. As a result of these efficiencies, approximately 1,000,000 staff hours have been saved which eliminated overtime or redirected staff to other work. Here is the information about HR's quality project:

The Washington State Gambling Commission receives over 500 applications annually for our exempt Special Agent positions. The applications process and tracking was lengthy and cumbersome for both applicants and staff. Since Special Agent recruitment involves a number of testing phases, the process extends beyond the initial application. Often, missing or needed documents required multiple mailings and phone calls which meant staff time, cost of mailings/calls and the office space for the manual tracking of applications and testing.

Streamlining the process became a priority for the Human Resources team. Team members designed a database to electronically track the incoming resumes and maintain applications' data. At the time of application, each candidate's full information is entered into the database. This database allows staff to generate letters and labels and respond immediately to applicant inquiries. It also generates prompt and accurate recruitment data for internal reports. Other successful changes include accepting resumes in lieu of full applications packets, placing application materials on our agency web site, and including the web address in all our advertisements. The Internet is now our #1 recruitment source and point of information for applicants.

### Results

- ✓ Reduced the length of position vacancies by approximately 2 weeks.
- ✓ Saved \$500 in postage and printing costs.
- ✓ Timely and accurate management reports are produced using the database.
- ✓ Improved customer service by simplifying the application process and providing immediate responses to their status inquiries.
- ✓ Saved approximately 300 staff hours annually.



## Industry Awareness Of Problem Gambling A Must

**Submitted by Dolores Chiechi, Executive Director  
Recreational Gaming Association (RGA)**

**NOTE: Comments contained in this article reflects views of the RGA**

The Washington State Council on Problem Gambling (WSPG) and the Industry Working Group on Problem Gambling (IWGPG) helped host the 15<sup>th</sup> National Council on Problem Gambling Conference in Seattle June 21-23. The conference was a great success with over 400 attendees from all over the world (New Zealand, Canada, Europe & South Africa) including treatment providers, researchers, representatives from Problem Gambling Councils from across the nation and an increasing number of representatives from the gaming industry including state lotteries, casinos and manufacturers. One of the highlights for the Industry Working Group was receiving an award from the National Council on Problem Gambling recognizing the work that has been done to educate members of the gambling industry on problem gambling.



### **Industry Working Group**

**Standing Left to Right:** Steve Griffith, PJ Pockets Casino; Dr. Charles Maurer, WSPG; Richard Caragol, Emerald Downs; Larry Taylor, Lottery; Bob Benson, Lottery; Pat Steele, WSPG/Bates Technical College; Steve Strand, WA Civic & Charitable Gaming Association

**Seated:** Maureen Greeley, Lottery; Lee Topash, Tulalip Casino; Dolores Chiechi, Recreational Gaming Assoc.

**Holding Plaque:** Cindy Reed, WSGC; Gary Hanson, WSPG

There is no other group in the nation comprised of all segments of the gaming industry working together to address the issue of problem gambling. The IWGPG has developed voluntary policies for the gaming industry and produced an award-winning problem gambling awareness video.

The WSPG formed the IWGPG in early 1999 to develop ideas and solutions to address problem gambling in Washington. The group represents all sectors of the gaming industry in Washington: mini-casinos, tribal, lottery, charities, horse racing, and the gambling commission. In addition to the IWGPG award, Deaconess Medical Center in Spokane was also recognized at the National Conference for its success in gathering community collaboration in providing treatment services to problem gamblers and their families. Current funding partners for the Deaconess program include Players & Spectators Restaurant/Casino, Scrapbook Casino, Lilac Lanes/11<sup>th</sup> Frame Casino, and River Bend Casino. These mini-casinos helped initiate the treatment program at Deaconess and have committed continued funding into the future.

The Recreational Gaming Association (RGA) represents the thousands of men and women who make up Washington's mini-casino (card room) industry. The RGA believes card room gaming is a form of entertainment that provides fun and recreation for adults who chose to play, while providing meaningful jobs and economic stability to local communities.

The RGA has participated in the IWGPG since its inception, serves on the Advisory Board of the WSPG, was a sponsor of the 15<sup>th</sup> National Council on Problem Gambling Conference 2001, is a member of the National Council on Problem Gambling, and has voluntarily developed and distributed posters and brochures to our members offering assistance and referral to patrons who may be problem gamblers. The mini-casino industry commits tens of thousands of dollars each year to direct and collaborative efforts that address and mitigate problem gambling.

### **RGA'S POLICY ON PROBLEM GAMBLING:**

As an association representing an important segment of the gaming industry, the Recreational Gaming Association is sensitive to the issues of problem and underage gambling and the adverse impact of these behaviors. Therefore, as a matter of policy, the RGA is committed to actively promoting responsible gaming to our employees, our patrons and the public at large. We financially support and actively work with the WSPG to promote awareness, prevention and treatment of problem gambling.

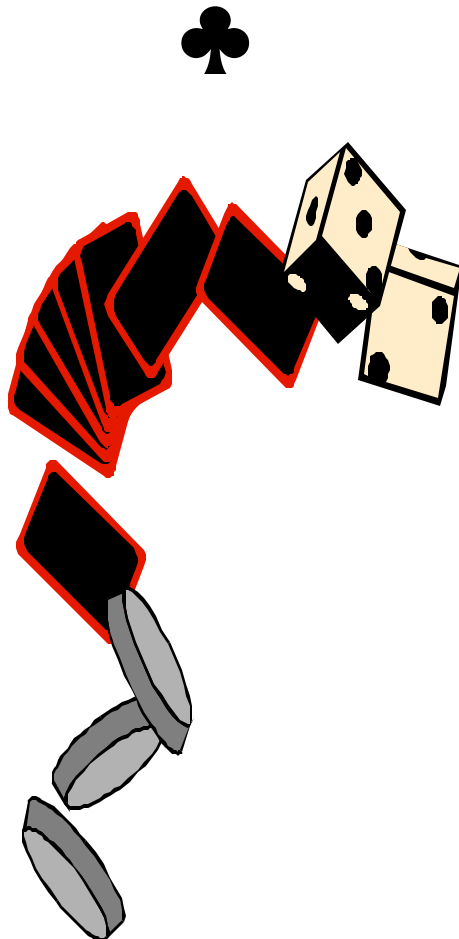
*(Continued on page 12)*

(Continued from page 11)

The RGA encourages all segments of the industry to do the right thing in recognizing that for some, gambling can be a problem.

Call Gary Hanson at the WSCPG (253-857-3201) to set up Problem Gambling Awareness Training. This three-hour course provides gaming industry management personnel with an awareness of problem gambling, the industry's role in addressing this addiction, recommendations for gambling industry policies and a discussion of the implementation of such policies. The Council and the RGA is available to assist in creating and implementing a problem gambling policy for your organization.

Visit RGA's website at [RGA-WA.ORG](http://RGA-WA.ORG) or call 360-754-8141 to order a set of problem gambling awareness posters and brochures for your facility today.



Submitted by:

## WA State Dept. of Labor & Industries



### EMPLOYMENT STANDARDS

The following employment standards information is presented as a guideline for employers. Should the department receive complaints of this nature, Employment Standards agents will review company records to determine the validity of the complaints. Should evidence show unauthorized deductions from wages, unpaid hours worked, or unpaid overtime, restitution of unpaid wages to past and present employees **will be demanded.**

#### TRAINING/MEETING TIME

"Hours worked" shall be considered to mean all hours during which the employee is authorized or required by the employer to remain duty on the premises or at a prescribed work place, per [WAC 296-126-002\(8\)](#), Definitions--"Hours Worked". These hours of work also include travel time, training time, meeting time, wait time, and preparatory and concluding activities.

Training and meeting time is generally interpreted to mean all time spent by employees attending lectures, meetings, employee trial periods and similar activities required by the employer which must be considered "hours worked". Those circumstances under which attendance at training programs and similar activity need **not** be counted as "hours worked" (if all of the following tests are met), are listed below:

1. Attendance is voluntary;
2. The employee performs no productive work during the meeting or lecture;
3. The meeting takes place outside of regular working hours;
4. Employee's current work, as distinguished from teaching the employee another job, or a new or additional skill.

If the employee is given to understand or led to believe that the present working conditions or the continuance of the employee's employment would be adversely affected by non-attendance, time spent shall be considered "hours worked".

Time spent in training programs mandated by state or federal regulations, **not by the employer**, may not be considered "hours worked" in some instances. If the state or federally required training is of a general applicability, and not tailored to meet the particular needs of an individual employer, time spent in such training time would not be compensable.

(Continued on page 13)

(Continued from page 12)

This is also true if such required training is a type that would be offered by independent institutions in which the instruction enables an individual to gain or continue employment with **any** employer that would require the employee to have such training. In training of this type where the employee is the primary beneficiary, the training time would not be compensable. (Please note, the 4 tests given above are not applicable in making the specific determinations outlined in this paragraph.)

When state or federal regulations require the employee to possess

a certificate or license for the position held, time spent in training to obtain the certificate or license, or certain continuous education requirements, shall not be considered "hours worked". The cost of maintaining the certificate or license is to be borne by the employee also. (Please note, the 4 tests given above are not applicable in making the specific determination outlined in this paragraph.)

Time spent in undergoing drug and alcohol testing, even when required by a state or federal law, must be considered "hours worked" as such tests are primarily for the benefit of the employer. It is immaterial whether

the time spent undergoing such testing is during the employee's normal working hours or during non-working hours. Please note, drug and alcohol testing which is conducted **prior** to an employment relationship between the employer and the potential employee is not considered "hours worked" and does not have to be compensated if the individual is hired.

If you would like more information regarding employment standards contact the L&I Office of Information and Assistance at 1-800-LISTENS (1-800-547-8367) or visit the L&I website at [www.wa.gov/lni/](http://www.wa.gov/lni/)

## ADMINISTRATIVE CASE UPDATE

LICENSEE	VIOLATION	CASE OUTCOME
Ruby's Casino, Kent	Violation of an Agreed Order dated July 18, 2001 (allowing casino manager to simultaneously act as security officer)	Notice of Order of Suspension. The licensee was ordered to serve a 3 day suspension from May 7, 2001 through May 10, 2001. However, the licensee closed its business on May 6, 2001, and has not reopened.
Chef Restaurant, Spokane	Allowing a Card Room Employee to work with an expired license (2 <sup>nd</sup> violation).	The licensee served a 2 day suspension, beginning June 1, 2001, and ending June 3, 2001. The card room has since closed.
River Bend Casino, Spokane	Allowing two unlicensed persons to work as Card Room Employees.	The licensee agreed to a 10 day suspension. 5 days were deferred for one year, the remaining 5 days were vacated by payment of \$500. The licensee also reimbursed the Commission \$480 for investigative and administrative costs.
Fiesta Bowl Casino, Richland	Allowing a Card Room Employee to work with an expired license.	The licensee agreed to a 1 day suspension, which was vacated by payment of a \$500 fine, and reimbursed the Commission \$270 for its investigative and administrative costs.
11 <sup>th</sup> Frame Restaurant (aka/fka Lilac Lanes), Spokane	Allowing card room employees to work with expired licenses.	The licensee agreed to a one day suspension, which was vacated by payment of \$500. The licensee also reimbursed the Commission for its investigative and administrative costs of \$980.
Sidney's Restaurant and Sports Bar, Aberdeen	Allowing card room employees to work with expired licenses.	The licensee agreed to a one day suspension, which was vacated by payment of a \$500 fine. The licensee also reimbursed the Commission for its investigative and administrative costs of

LICENSEE	VIOLATION	CASE OUTCOME
		\$920.
Club Broadway Everett	Employing an unlicensed service supplier; misrepresenting material facts to Commission Staff.	Settlement in Lieu of Administrative Charges. The license agreed to a 30 day suspension, deferred for 1 year, and paid a \$600 fine.
Parkers Sports Bar & Casino, Shoreline	Failure to disclose loans over \$2,000, as required.	The licensee agreed to a three day suspension. Two days of the suspension were deferred for one year. The remaining day was vacated with payment of \$3,740, which represents the licensee's daily net income as reported to commission staff. The licensee also reimbursed the Commission for its investigative and administrative of \$3,480.
Sea Galley Restaurant, Kennewick	Failure to maintain accurate records, and reporting inaccurate figures on Quarterly Activity Reports.	The licensee agreed to a thirty day suspension. Fifteen days of the suspension were deferred for one year. The remaining fifteen days were vacated by payment of a \$990 fine. The licensee also agreed to reimburse Commission staff for its investigative and administrative costs of \$3,000.
Riverhaven Restaurant, Hoquiam	Operating with an expired license and failure to submit Quarterly Activity Reports.	Settlement in Lieu of Administrative Charges. Licensee agreed to pay a fine of \$6,256.60 in lieu of a 60-day suspension.
David Bemis, employed at Freddie's Club, Fife	Failure to comply with Commission rules regarding surveillance	The licensee agreed to a 14 day suspension. 12 of those days were deferred for one year. The remaining 2 days were served from June 12, through June 14, 2001. The licensee also reimbursed the Commission \$120 for investigative and administrative costs.
Russell Maynard, employed at Freddie's Club, Fife	Failure to comply with Commission rules regarding surveillance.	The licensee agreed to a 21 day suspension. 16 of those days were deferred for one year. The remaining 5 days were served from June 9, through June 14, 2001. The licensee also reimbursed the Commission \$600 for investigative and administrative costs.
Hank's Country Inn, Belfair	Inadequate Surveillance	The licensee agreed to a 10 day suspension. 5 days deferred; 5 vacated by payment of \$1,344. The licensee also reimbursed the Commission \$980 in investigative and administrative fees and costs.
Christos, Bellingham	Inadequate Surveillance	Licensee agreed to reimburse the Commission \$900 in investigative and administrative costs. The licensee also agreed to give 10 days notice prior to re-opening their card room.
Slo Pitch Eatery & Pub, Bellingham	Inadequate Surveillance.	The licensee agreed to a five day suspension. Three days of the suspension were deferred for one year. The remaining two days were vacated with payment of \$1,200.
Holy Smoke It's a Tavern, Lynden	Operating punchboards/pull tabs with an expired license.	The licensee agreed to a seven day suspension. 5 days were deferred for one year. The remaining two days were vacated



LICENSEE	VIOLATION	CASE OUTCOME
		with payment of \$1,110.00. The licensee also reimbursed the Commission for its investigative and administrative costs of \$200.
Robert Clark, CRE (Currently employed at Royal Casino and Freddie's Club, Everett)	Asking a witness to make false statements to Commission staff <i>while employed at Royal Casino.</i>	The licensee agreed to a 60 day suspension; 39 days were deferred for 1 year; 21 days were served.
Rodgers, Aron (Last known employer, New Phoenix, La Center)	Failure to fully disclose Criminal History	The Administrative Law Judge (ALJ) ordered Mr. Rodger's license be revoked.
Stephanie Allman, CRE (Last known employer, Royal Casino, Everett)	Dealer Cheating <i>while employed at Royal Casino.</i>	The licensee agreed to surrender her license for 1 year.
Byron DeSautel, CRE (Last known employer, Freddie's Club, Auburn)	Cheating <i>as a player at Muckleshoot Casino, while employed as a dealer at Emerald Queen Casino.</i>	The ALJ ordered Mr. Desautel's license suspended for 1 year. The Commission affirmed the ALJ's Order, with the exception of specifically revoking the license, rather than suspending it.
Hai Pom, (Last known employers: Diamond Lil's and Freddie's Club in Renton, Silver Dollar Casino in Tacoma)	Dealer Cheating.	The licensee agreed to surrender his license for one year, beginning June 25, 2001.
Anita Nhim (Last known employers: Café Arizona, Federal Way and Ruby's Casino, Kent)	Dealer cheating.	The licensee agreed to surrender her license for a period of two (2) years, beginning May 31, 2001.
Synath Nob (Last known employers: Freddie's Club, and Diamond Lil's, Renton)	Dealer cheating.	The licensee agreed to surrender her license for a period of one (1) year, beginning July 6, 2001.
Liem Nguyen, CRE (Currently employed at Jimmy G's, Tacoma)	Participation in a scheme to steal from token account <i>while working as a dealer at Freddie's Club, Renton.</i>	The licensee agreed to a 30-day suspension, served 21 days, and deferred 9 days for 1 year.
Milton Ganuelas, CRE (Last known employer Ruby's Casino, Kent)	Theft of Token Account <i>while working as a dealer at Freddie's Club, Renton.</i>	An Agreed Order was entered. The licensee agreed to surrender his license for five years.
Nuth, Preng (Last known employer, Silver Dollar Casino, Tacoma)	Participating in a theft of tips, <i>while working at Freddie's Club Casino in Renton.</i>	The ALJ ordered Mr. Nuth's license suspended for three years.
Mitchell, Quinn Drift on Inn Roadhouse, Shoreline	Denial based on Criminal History	The ALJ ordered a Conditional License be issued to the applicant. This license is not transferable.
William Schill, CRE (El Dorado Club, Tacoma)	Denial of license application due to criminal history.	The licensee failed to respond to the Notice of Administrative Charges. An Order of Default denying Mr. Schill's application was entered by the Commissioners at the February Commission meeting.
Jason Petersen, Battleground	CRE Denial due to Criminal History	The licensee failed to respond to the Notice of Administrative Charges. The Commission ordered Mr. Petersen's license application be denied.
Tarl Medina, CRE (Last known employer, Paradise Bowling Center & Casino, Tacoma)	Failure to comply with conditions for licensure. The licensee failed to make his court order	Mr. Medina received a conditional card room employee license in April 2000, after an appeal before the 5 member Commission.

LICENSEE	VIOLATION	CASE OUTCOME
	restitution payments, and failed to submit quarterly reports of this to Commission staff.	His license was conditioned upon his timely payments of court ordered restitution, and providing quarterly proof of those payments to Commission staff. In November 2000, charges were issued due to his failure to comply with those conditions. An Agreed Order was entered. The licensee agreed to serve a 14 day suspension, and to provide monthly proof to Commission staff that he was making his court ordered restitution payments. After entry of the Agreed Order, the licensee's employers withdrew their sponsorship, which was also a condition of licensure. Therefore, Mr. Medina's conditional license was voided.
Sports Keg Casino, Burlington	Allowed an unlicensed and unqualified person to become a substantial interest holder, and/or to operate as an agent of the licensee; failed to maintain adequate internal controls, and failed to disclose a loan exceeding \$2,000.	The licensee agreed to a 60 day suspension of their cardroom license. 15 days were vacated by payment of a \$10,305 fine; 45 days of the suspension were served from March 16, 2001, through April 29, 2001. The licensee also agreed to a 15 day suspension of their punchboard/pull tab license, which they vacated by payment of a \$1,230 fine. The licensee agreed to reimburse the Commission \$9,550 for its investigative and administrative costs. The total amount paid by the licensee was \$21,085.
Daphne Schubach/Picasso Holding, LLC, Spokane	Seizure: 8 blackjack tables; 30 decks of playing cards with "Rio D's" logo; 6 card shoes.	On August 21, 2000, agents seized items found at a business located at 13524 E. Sprague Avenue, Spokane, because there was probable cause to believe such items were used or were intended to be used in connection with professional gambling activity. A forfeiture hearing was held; the Administrative Law Judge issued an Order denying the claims filed by Picasso Holding LLC, and Daphne Schubach. Picasso Holding, LLC, filed a Petition for Review. The Commission upheld the Administrative Law Judge's ruling.

## Pooling Tips -- How Rule Changes Are Made

**By: Susan Arland, Rules Coordinator and Public Information Officer**

At the first of the year, a letter was sent out to card room operators regarding proposed changes to card room rules, including a change to require card room employees to pool tips. This letter generated a lot of letters and phone calls, especially from card room employees. After it was sent, staff decided not to propose this rule to the Commissioners and a subsequent letter was sent to all card room notifying them of this.

However, we thought this was an excellent opportunity to explain more about how the rules process works. Several people interpreted the letter as meaning the rules were going to be passed at the March meeting. That was not accurate; the rules were going to be discussed at the March informal study session and then would have been discussed at the next three Commission meetings.

It is important to remember that all rule changes go through an open rule making process. At a minimum, this process takes three months and involves seeking input from stakeholders. Following is some information regarding where rule changes come from and how they are processed.

### Where do rule changes come from?

Rule changes originate several different ways:

- Licensees and the public (stakeholders) may bring forward issues at informal study sessions. (See below for more information on informal study sessions);
- A task force may be brought together to study a situation or problem;
- Staff may initiate changes to make a program function better or accomplish more;
- Rules may be needed because of a new law; or
- The general public may petition the commission for a rule change.

### What is an informal study session?

**Informal Study Sessions** are held Wednesday morning of each Commission meeting. Generally,

Charitable and Nonprofit groups meet 10:00 a.m. – 11:00 a.m., and Commercial operators meet 11:00 a.m. and 12:00 noon. Study sessions are open to everyone, including licensees and the public, and everyone is encouraged to attend.

These informal meetings provide a forum for the industry to discuss issues and concerns with agency staff. At these meetings, rule changes may be proposed, either by staff or the industry, as a solution to problems or concerns. Normally, all rule proposals are discussed at the study sessions prior to a rule actually appearing on a formal Commission meeting agenda. For any proposed rule change to be considered for adoption, it must proceed through the formal rule adoption process (See “How are rule changes approved” below).

### How are rule changes approved?

Our Commissioners must adopt all changes made to Gambling rules. Just because a rule is on an agenda, does not mean the rule will be adopted as a permanent rule. Proposed changes are placed on meeting agendas to generate discussion.

Proposed rule amendments are published in the agency’s monthly Commission meeting agenda and then filed, discussed and adopted at Commission meetings. Rules are presented to the Commission by staff, along with an explanation of why the changes are proposed. The public and licensees are encouraged to attend meetings and provide input.

Rules generally appear on three monthly Commission meeting agendas. At the first meeting rules are “Up for Discussion and Possible Filing;” the second meeting “Up for Discussion;” and the third meeting “Up for Final Action.” When rules are Up for Final Action, the Commission may choose to adopt the rules, hold them over for further discussion, or completely remove them from the agenda without adopting them.

### How can I find out if a rule change is being discussed?

You can stay informed several ways:

- Agency website at [www.wsgc.wa.gov](http://www.wsgc.wa.gov) - Commission meeting agendas are posted on the agency website approximately two weeks prior to each meeting. Review each meeting agenda to

(Continued on page 18)

(Continued from page 17)

determine if there are issues you would like to become involved with. If you would like to receive a hard copy of monthly agendas in the mail, please call headquarters at 1-800-345-2529, ext. 3447, and ask to be added to the mailing list. Furthermore, if you are interested in the discussion surrounding proposed rule changes, meeting minutes are also posted on the website;

- Attend the informal study sessions;
- Attend Commission meetings; and
- There are several industry groups that usually send a representative to Commission meetings and then relay information back to their members. You may consider joining one of these groups as a way to keep informed of upcoming issues and concerns.

#### **How can I comment on a rule that is on the agenda?**

If you would like to comment on a proposed rule change that is on a Commission meeting agenda and are unable to attend the meeting, please submit your comments in writing to Commission Headquarters at P.O. Box 42400, Olympia, WA, 98504, attention Rules Coordinator. If you can attend the meeting, you are encouraged to do so.

Furthermore, you may attend informal study sessions held prior to the Commission meeting and share your thoughts and concerns with staff and other industry representatives.

It is much better for us to be aware of concerns quickly, rather than having issues brought up several months after a rule has been adopted. We want to hear your comments on the rules, so please feel free to submit them.

#### **How can I find out when the next Commission meeting will be held?**

The 2001 monthly Commission meeting schedule is posted on the agency website, under Public Meetings. This is also where meeting agendas and minutes are posted, along with the text of the proposed rule changes and a summary of the proposed changes.

#### **When do rule changes become effective?**

Generally, rules become effective either January 1 or July 1. This allows time to train staff, and change processes and forms, if needed. However, under special circumstances, the Commission may specifically request, on the record, that a rule becomes effective 31 days from adoption.

## **RULES ADOPTED JANUARY THROUGH JULY RELATED TO CARD ROOM INDUSTRY**

**NOTE:** Since all recently passed rules are in the new rules manual, they will not be inserted into this newsletter. These rules became effective March 12, 2001.

#### Tracking Card Room Employees

In the past, both a card room operator and card room employee

were required to notify the commission when the card room employee began working, transferred to another card room, began working for an additional card room or was terminated. The notification process has been simplified and automated. Now only the employer will notify the commission of changes in card room employees, rather than both the card room operator and the card room employee. However, the card room employee will still have to sign the application when there is a new application or a transfer application. The Commission is using a new faxing system, which will interface with our new licensing system. The system will be much more automated.

**WAC 230-04-140**

#### **Licensing of public card room employees – Procedures – Exceptions.**

Previously, a card room employee must wait 15 days from when they submit their application to when they may begin working. The agency's new automated system now allows the waiting period to be reduced from 15 to 10 days. This not only reduces the waiting period for card room employees to begin working, it also reduces the number of special waivers issued by staff to card room employees that begin working prior to their waiting period being up.

#### **WAC 230-04-142**

**Notification to the commission upon beginning, terminating, or**

**changing employment – Public card room employees.**

Language was amended to correspond with the new, streamlined reporting process and to require only the employer to report card room employee changes to the commission. Furthermore, the information that is reported to us has been reduced. The form used to report new hires and terminations must be completed by the licensee the day they hire or terminate an employee and must reach Commission headquarters within seven business days.

*This rule became effective June 11, 2001.*

**Petition for Rule Change by William Krapf.****WAC 230-04-190 Issuance of license – Expiration – Restrictions.**

Due to a decline in business and revenue, Mr. Krapf requested that the threshold amount to utilize the two-part payment plan for licensing fees be reduced from \$1,200 to \$800. When the agency first started the two-part payment plan, the threshold amount was \$800. During our growth period, the threshold was increased to \$1200.

Approximately 700 licensees currently take advantage of the two-part payment plan. Approximately 480 additional licensees will now be able to take advantage of the two-part payment plan.

If you are interested in taking advantage of this, please call 1-800-345-2529, extension 300, or (360) 486-3440.

*These rules became effective July 20, 2001.*

**Card Room Rules.**

In May 2000, the Commission adopted the largest rules package in the history of the Gambling Commission – the enhanced card room rules package. Since that time, staff and licensees have been operating under these rules. These rule amendments incorporate comments and concerns brought forward by both staff and licensees.

The titles of some rules have been changed so they will be easier to locate when using the index in the front of the chapter in the rules manual. Furthermore, four rules have been moved from other sections to the card room rules section so they will be located with the other card room rules and hopefully easier to find.

**As noted in the July 10 letter to Class F and House Banked Card Room licensees, enforcement of WAC 230-40-625 and 230-40-825 relating to surveillance requirements has been waived for a ninety-day grace period to allow the card rooms to make the necessary changes. Effective date for enforcement of the new surveillance rules will be October 19, 2001.**

**WAC 230-40-055 Card tournaments for fee and prizes – Reporting requirements.**

This rule outlines the requirements an operator must follow when offering card tournaments. In the past, operators could charge a player a maximum of \$50 to enter a tournament. This method was established for poker games when chair fees (fees based on time) were the only method of fee assessment allowed. This method of fee assessment did not translate over to operators that collect fees using the rake method (fees based on amounts wagered during a hand). Therefore, language was added

so licensees that utilize the rake method to assess fees may qualify tournament contestants based on time played, not monies spent.

In the past, tournament rules were posted at an operator's premises and listed in all advertisements. Because tournament rules are available at the establishment, language was amended so they will no longer have to be listed in advertising. This will help reduce operators' advertising costs.

**WAC 230-40-610 Player-supported jackpots – Restrictions – Manner of conducting – Approval.**

This rule outlines the procedures for offering a player-supported jackpot (PSJ). Numerous changes were made to this rule. First, language was amended to clarify that interest earned on PSJ funds are considered player money and licensees have no vested interest in it.

Language was added to clarify that licensees shall not deduct any funds in excess of the 10% administrative fee, to include banking fees, for PSJs.

Owners and card room employees will no longer be required to show their hands at the conclusion of any game where PSJ winnings are paid based on a predetermined hand (for example, a straight would pay \$25; a flush would pay \$30, etc.). However, for Bad Beat Jackpots, owners and card room employees must continue to show their hands at the end of each game.

In the past, the winner's name, date of birth, mailing address, and identification were recorded on a form by the card room employee at the cage. The winner must then initial the form. Winners are no longer required to initial the form. Licensees which discontinue a PSJ must now distribute PSJ funds back to players within 60

days, in a tournament offering the same type of game under which the PSJ was established, or in an approved promotion. Furthermore, PSJ funds could be given to the Washington State Council on Problem Gambling if a card room closes, as long as this is posted for licensees to see.

**WAC 230-40-805 (~~House-banked~~) Progressive jackpot prizes – Procedures – Restrictions – House-banking.**

Card room licensees are now allowed to reduce non-advertised reserve or secondary jackpots and claim the money as gross receipts. This assists licensees by allowing more flexibility in the use of funds. Players have a vested interest in only advertised prizes. Therefore, language was added to clarify which portion of the progressive jackpot monies are considered house money and which are considered player money. Licensees are now allowed to use a portion of the progressive jackpot monies to purchase merchandise prizes to be awarded in conjunction with the game. New language was added to outline the requirements licensees must adhere to when awarding merchandise prizes. In the past, it has not always been clear how a licensee should disburse advertised progressive jackpots to players in the event the licensee discontinues the game. Therefore, language was added to clarify how this will be done. Finally, language was added requiring jackpots of \$5,000 and less to be paid out immediately. Any amounts over \$5,000 must be paid within 24 hours.

**WAC 230-40-815 (~~House-banked card games~~) Administrative and accounting control structure – Organization – House-banking.**

Language was added to clarify that licensees shall inform their

employees of the internal controls related to their job and ensure that the internal controls are followed at all times.

**REPEALED RULE: WAC 230-40-820 House-banked card games – Internal control system evaluation – Required procedures.**

In the past, staff conducted four compliance modules, per month, in various gaming areas of each house-banked gaming facility. In addition to these modules, licensees with annual gross receipts exceeding five million dollars paid for and underwent a formal review by an independent auditor each year. Staff and the industry felt oversight by both staff and an independent auditor was duplicative. Therefore this rule was repealed.

Compliance modules will no longer be conducted by staff, however, licensees with annual gross receipts exceeding five million must continue to pay for and undergo a formal audit by an independent auditor each year.

**WAC 230-40-825 Closed circuit television ~~system~~ ~~((requirements and procedures))~~ – House-banking.**

This rule was rewritten for clarification and to gain consistency among all surveillance systems operated in a card room. Furthermore, surveillance requirements for both Class F and house-banked card rooms were in this rule. Class F requirements have now been moved to a new, separate rule, WAC 230-40-625 (below). This will make locating the surveillance requirements for the two types of card rooms easier for licensees and staff.

**NEW RULE: WAC 230-40-625 Closed circuit television system requirements and procedures – Class F.**

In the past, surveillance requirements Class F card rooms were in WAC 230-40-825 (above). Class F requirements have now been moved to a separate rule. This will clarify the surveillance requirements for the two different types of licensees and make it easier for both staff and licensees to locate the requirements in the rules manual.

**WAC 230-40-830 Cashier's cage – Requirements – House-banking.**

This rule change allows house-banked card rooms, which offer poker games, to sell chips through an imprest window at the main cage, or other location approved by commission staff.

**WAC 230-40-840 Drop boxes - ~~((Requirements))~~ House-banking – Drop box collection method.**

This amendment allows count team members to remove drop boxes from gaming tables under the supervision of security personnel, if the card room entrances and exits are locked. Furthermore, licensees will now be allowed to store empty drop boxes on gaming tables, if the boxes and tables are taped by surveillance cameras. This will allow the licensees to more effectively utilize their on-duty staff and not require additional staff to be present.

**WAC 230-40-865 (~~Procedures for~~) Distributing ((gaming)) chips and coins to ((house-banked gaming)) tables – Requests and credits – House-banking.**

The change allows a licensee's security officers access to the fill/credit machine for the sole purpose of clearing paper jams within the machine.

**WAC 230-40-870 (~~Procedure for~~) Removing ((gambling)) chips and coins ((to house-banked gaming)) from tables –**



**Requests and credits - House-banking.**

The change allows a licensee's security officer access to the fill/credit machine for the sole purpose of clearing paper jams within the machine.

**WAC 230-40-875 ~~((Procedures for)) Closing ((house-banked)) gaming tables - House-banking.~~**

This change clarifies how a licensee will handle "voided" closing documents. This allows both the licensee and commission staff to better track the serially, pre-numbered forms used to close the gaming tables each day.

**WAC 230-40-885 ~~((Counting and recording contents of drop boxes --)) Count procedures - House-banking.~~**

Procedures for counting and recording the contents of drop boxes for both house-banked and nonhouse-banked card rooms were located in this rule. Subsection (8), which outlined the count requirements for nonhouse-banked card rooms, was moved to a new, separate rule WAC 230-40-630 (below). This will make locating count requirements for Class F card rooms easier to find. Furthermore, subsection 5(i) was removed because it is not part of the agency's current record keeping requirements. The rule will now be consistent with what records the agency requires from licensees.

**WAC 230-40-895 Key control ~~((requirements and procedures)) - House-banking.~~**

The amendment separates the security and surveillance departments. Language was amended to further define key lock mechanisms that can be used in the operation of house-banked card rooms and to clarify which keys each department must maintain.

**NEW RULE: WAC 230-40-505 Rules of play for social card games - Display - Availability for review.**

In the past, requirements for approval and posting of house rules were located in several rules. This new rule consolidates these requirements into one new rule. Subsections from several rules (WAC 230-40-010, 230-04-120 and 230-40-610) have been moved into this rule. Because house rules relating to player-supported jackpots (230-40-610(10)) are specific to player-supported jackpots, they will remain in 230-40-610. However, they will also be included in this new rule.

**HOUSEKEEPING:****WAC 230-08-027 House-banked card games - General accounting records to be maintained.**

*Amended and re-codified as:*

**WAC 20-40-821 General accounting records - House-banking.**

Subsection (6) was divided into subsections (7) & (8), for clarity.

**WAC 230-08-090 Daily records - Card games.**

*Amended and re-codified as:*

**WAC 230-40-052 Daily records - Card games.**

This rule was moved from Chapter 230-08 (Records and Reports) to Chapter 230-40 (Card Rooms) so it will be located with the card room rules.

**WAC 230-12-072 Player-supported jackpot funds - Deposit requirements.**

*Amended and re-codified as:*

**WAC 230-40-608 Deposit requirements - Player-supported jackpot funds.**

This rule was assigned a new section number under the Class F requirements and re-titled so it is

easier to find. Furthermore, WAC 230-08-090 (above) which is referenced in this rule has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

**WAC 230-12-073 House-banked card games - Prizes - Deposit requirements.**

*Amended and re-codified as:*

**WAC 230-40-808 Deposit requirements for prizes - House-banking.**

This rule was assigned a new section number under the house-banking section. Furthermore, WAC 230-08-090 (above), which is referenced in this rule, has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

**WAC 230-40-050 Fees for non-house-banked card games - ~~((playing - Method of)) Assessment and collection - Maximum fees.~~**

Headers were inserted so topics are easier to find. Furthermore, WAC 230-08-090 (above), which is referenced in this rule, has been assigned a new section number. Therefore, references to WAC 230-08-090 have been changed to WAC 230-40-052.

**WAC 230-40-120 Limits on wagers in card games.**

Language relating to house rules was moved to WAC 230-40-505 (above) Now all rules relating to developing and posting house rules will be contained in one rule.

**WAC 230-40-500 House rules to be developed and posted.**

Small housekeeping changes.

**NEW RULE WAC 230-40-630 Count procedures - Class F card rooms.**

Count procedures for Class F card rooms were moved from WAC 230-40-885 (above) into this new, separate rule.

**WAC 230-40-833 Cashier's bank and minimum bankroll.**

WAC 230-12-072 and 230-12-073 (above), which are referenced in this rule, have been assigned new section numbers. Therefore, references to these rules were updated.

***This rule became effective August 13, 2001.***

**House-banked Card Room Phase II Reviews.**

**WAC 230-40-803 Phase II wager limits – Restrictions – Procedures.**

Previously, a licensee had to wait six calendar months from the date they are approved to offer house-banked card games to when they can request approval to offer Phase II betting levels. At times, a licensee's six-month term may end a day or week after a Commission meeting is held. Therefore, licensees had to wait until the following month before they can go before the Commission to request Phase II approval. Language was added so that a card room which has operated 6 months may receive approval for Phase II limits from the director, pending commission approval at the next scheduled meeting. This change will allow card rooms to begin operating at Phase II betting levels closer to their 6-month operating date. Additionally, language was amended so that card rooms would have the ability to be approved to operate at Phase II levels as long as any administrative actions in the past six months were not for substantial violations or violations

deemed substantial due to repetition.

***These rules will become effective January 1, 2002.***

**Electronic Facsimiles of Cards  
WAC 230-40-010 Social card games—Rules of play—Types of card games authorized.  
WAC 230-40-070 Licensee to furnish all cards, chips and other services.**

This rule change was a policy call by the Commission. A business, Digideal, requested approval of a rule that would allow electronic facsimiles of cards for use in card games, as an option to traditional paper or plastic cards. The system, called Digideal, would be an option for card room operators and tribal casinos and would replace standard, paper playing cards with an electronic facsimile of a playing card (a video picture). The system would contain one or more decks of cards in an electronic format. The electronic cards would be mixed through a random number generator to ensure they are properly "shuffled."

Each manufacturer that produces an electronic facsimile card system must have the system approved by the commission. Each system will undergo stringent lab testing prior to being put into play. The gaming lab will test the security and technical protocols of the device to ensure they are in proper working condition. This will ensure that the integrity of the card games are not compromised in anyway.

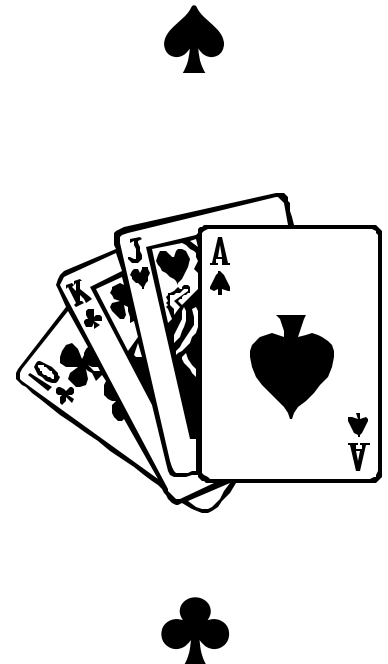
All other aspects of the card game will remain the same. This is not a stand-alone device, wherein players would walk up and play against the machine. The only aspect that has changed

is what the card looks like. The system must be operated by card room personnel at the table.

**UP FOR DISCUSSION AT THE AUGUST MEETING.**

**Card Promotions**

These rules were previously included with the card room rules package, which was adopted at the June meeting. However, at the May meeting, staff felt that further discussion was needed regarding promotions in general, as well as promotions specifically for card games. Therefore, these rules were removed from the card room rules and placed in a separate rules package. Staff gave a report to the Commission on promotions at the August Commission meeting and hope to have a firmer position on these rules by this fall.



*(2001 Legislative Update Continued from page 2)*

#### Agency Request

##### **House Bill (HB) 1307/Senate Bill (SB) 5064      Cheating at Gambling**

This bill added a new degree of cheating and would have combined the definition of cheating and penalties into a single statute. It separated cheating into two degrees. Any cheating involving two or more people (or at least one licensee) would be a class B felony. Cheating by a single individual (as long as the person was not a licensee) would continue to be a gross misdemeanor.

#### Legislation with Significant Impact on the Gambling Commission

##### **HB 1797/SB5905 Waiver of Immunity**

These bills waived the state's sovereign immunity (11<sup>th</sup> Amendment) defense in federal court cases involving disputes arising under IGRA and the State/Tribal compacts, conditional upon the Tribe giving a similar waiver.

The bill was passed and signed by Governor Locke. It became effective on July 22, 2001.

##### **SB 5553 Task Force on Combining Gambling Agencies**

This bill would have created an 18-member task force to study combining the Gambling Commission, the Lottery Commission, and the Horse Racing Commission into a single agency. The Chair of the Gambling Commission would have been one of the members. The task force would have reported to the Legislature by 12/1/2001. In the past, the proposal was to merge the Liquor Control Board, Lottery Commission, and Gambling Commission. There was a hearing in the Senate, but the bill did not pass out of committee.

##### **SB 5487 Prohibiting Smoking in House Banked Card Rooms**

This bill would have added the category of "facilities licensed by the gambling commission to operate house-banked card rooms" to the locations where smoking is not allowed. Further, it would have removed the ability of a bar, tavern, bowling alley, or restaurant with a house banked cardroom license to be designated as a smoking area in its entirety as is presently allowed. There was no hearing on this bill.

##### **SB 5645 Issuance or Renewal of Gambling Licenses**

This bill would have required the Gambling Commission to give notice to local governments before issuing or renewing any gambling license and allow local governments to file written objections to licenses and to request a formal public hearing. It would have allowed the commission to deny a license based on public safety concerns. There was no hearing on this bill.

The above list is current as of August 27, 2001. If you have general questions or concerns, you may contact Amy Patjens at (800) 345-2529 Ext. 3463 or Ed Fleisher at Ext. 3449. If you have specific comments you want the legislature to consider, please contact your local senator or representative directly.

**Washington State Council on Problem Gambling**

**1-800-547-6133**

**When a constant desire to play causes you to lose everything, it may feel as though hope is gone. Help is available. Call the Washington State Council on Problem Gambling Helpline today. All calls are confidential.**

**[www.wscpg.org](http://www.wscpg.org)**

**WASHINGTON STATE  
GAMBLING COMMISSION**

Mailing Address:  
P.O. Box 42400  
Olympia, WA 98504-2400

Location:  
4565 7<sup>th</sup> Avenue SE  
Lacey, WA 98503

Phone: (360) 486-3440  
Toll Free in Washington:  
1-800-345-2529  
TDD: (360) 486-3637

We're on the Web  
[www.wsgc.wa.gov](http://www.wsgc.wa.gov)

PRE SORT STANDARD  
U.S. POSTAGE PAID  
Washington State  
Department of Printing

Operational Questions / Regional Offices			
Lynnwood	(425) 776-6751	Tacoma	(253) 471-5312
Bellingham	(360) 738-6203	Yakima	(509) 575-2820
Spokane	(509) 456-3167	Wenatchee	(509) 662-0435
Headquarters			
Lacey (800) 345-2529 or (360) 486-3440			

Administration	3447	Administrative Charges & Cases (Compliance and Hearings)	3465
Media Questions	3466/3463	Tribal Negotiations (Class III)	3449/3468
License Application Requests	3440	Tribal Implementations (Class III)	3587
Status of License Application (General)	3440	Problem Gambling	3467
Pre-License Financial Investigation (Commercial, Nonprofit, Suppliers, Mfg, Class III)	3555	Rule Changes	3466
Mandatory Training Schedule	3440	Commission Meeting Agenda	3447
Public Disclosure Requests	3529	Activity Report Annual/Quarterly	3474
Newsletter	3467	Record Keeping Forms	3440
Unlicensed Raffles	3466/3467	ID Stamps/Business Operation Office	3489
Business Promotional Contest of Chance	3466/3467	Human Resources (Personnel)	3457
		Regulatory Questions/Field Operations	*

**\* Call the closest regional office  
listed above**

Washington State Council on Problem Gambling  
(800) 547-6133